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Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-08
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H-01 L-03 NSC-05 PA-01 SS-15 CEA-01 STR-07 IO-13
DOE-15 SOE-02 /141 W
----------092721 281735Z /45
P R 281618Z APR 78
FM AMEMBASSY LONDON
TO SECSTATE WASHDC PRIORITY 5637
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
AMEMBASSY TEL AVIV

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DEPARTMENT ALSO PASS COMMERCE FOR DEPUTY ASSISTANT SECRE-
TARY MARCUSS

USEEC

E.O.11652: GDS
TAGS: ETRD, UK
SUBJECT: ARAB BOYCOTT: REQUEST FOR U.S. TESTIMONY

REF: LONDON 2269 AND PREVIOUS

SUMMARY. A HOUSE OF LORDS SELECT COMMITTEE IS NOW HEAR-
ING TESTIMONY ON THE FOREIGN BOYCOTTS BILL, LEGISLATION
WHICH IS OPPOSED BY THE UK GOVERNMENT AND WHICH HAS VIR-
TUALLY NO CHANCE OF PASSAGE. THE COMMITTEE HAS ASKED THE
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EMBASSY TO ASSIST IN PROVIDING AN ASSESSMENT OF THE EFFEC
OF RECENT U.S. LEGISLATION, PREFERABLY THROUGH THE ORAL
TESTIMONY OF DEPUTY ASSISTANT SECRETARY STANLEY MARCUSS
OF THE COMMERCE DEPARTMENT. WHILE RECOGNIZING THE U.S.
POLICY OBJECTIVE OF ENCOURAGING ANTI-BOYCOTT LEGISLATION
IN OTHER MAJOR COUNTRIES, THE EMBASSY RECOMMENDS THAT NO
U.S. OFFICIALS TESTIFY BEFORE THE SELECT COMMITTEE BE-

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CAUSE SUCH AN APPEARANCE WOULD NOT IMPROVE THE CHANCES OF THE LEGISLATION PASSING BUT WOULD VERY LIKELY BE OFFENSIVE TO THE BRITISH GOVERNMENT. IN OUR VIEW, WRITTEN DOCUMENT OF A FACTUAL NATURE WOULD MEET THE COMMITTEE'S NEEDS. ACTION REQUESTED: WASHINGTON RESPONSE BY MAY 5. END SUMMARY.

1. THE FOREIGN BOYCOTT BILL WAS INTRODUCED EARLIER THIS YEAR BY LORD BYERS, LEADER OF THE LIBERAL PARTY IN THE HOUSE OF LORDS. THE BILL CLOSELY PARALLELS THE U.S.' EXPORT ADMINISTRATION AMENDMENTS OF 1977 AND INCLUDES THE FOLLOWING MAIN ELEMENTS:
(A) THE BILL WOULD MAKE IT AN OFFENSE TO "DISCRIMINATE AGAINST OR REFUSE TO DO BUSINESS WITH ANY OTHER PERSON IN FURTHERANCE OF A FOREIGN BOYCOTT OR IN RESPONSE TO A FOREIGN BOYCOTT REQUEST OR CONDITION" OR "TO SEEK OR PROVIDE ANY INFORMATION CONCERNING ANOTHER PERSON'S RELIGION RACIAL OR NATIONAL ORIGIN, BUSINESS CONNECTIONS OR MEMBERSHIP OF OR CONNECTION WITH ANY ORGANIZATION OF WHATEVER NATURE IF SUCH INFORMATION IS SOUGHT OR PROVIDED EITHER FOR THE PURPOSE OF FURTHERING A FOREIGN BOYCOTT OR IN CONSEQUENCE OF A FOREIGN BOYCOTT REQUEST OR CONDITION.
(B) A "FOREIGN BOYCOTT" IS DEFINED AS "ANY POLICY ADOPTED BY, OR ANY ACTION TAKEN BY, A FOREIGN GOVERNMENT OR THE AGENCY OF A FOREIGN GOVERNMENT FOR THE PURPOSE OF DISCRIMINATING AGAINST ANY OTHER NATION OR ANY OTHER
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NATION'S CITIZENS, OR ANY RELIGIOUS, ETHNICAL OR POLITICAL GROUP IN THE COURSE OF TRADE OR BUSINESS."
(C) THE PENALTIES INCLUDE FINES UP TO 10,000 POUNDS FOR INDIVIDUALS AND 100,000 POUNDS FOR COMPANIES, AS WELL AS IMPRISONMENT UP TO TWO YEARS.
2. THE PRESENT LABOR GOVERNMENT HAS BEEN UNDER SOME INCREASED PRESSURE IN THE UK TO TAKE A STRONGER LINE AGAINST THE BOYCOTT, BUT THE LOBBY GROUPS HAVE NOT HAD ANY SIGNIFICANT IMPACT AND THE GOVERNMENT'S POLICY REMAINS ESSENTIALLY UNCHANGED. IT "OPPOSES AND DEPLORES ALL TRADE BOYCOTTS THAT LACK INTERNATIONAL SUPPORT AND AUTHORITY. IT IS FOR EACH INDIVIDUAL FIRM TO DECIDE IN THE LIGHT OF ITS OWN COMMERCIAL INTERESTS WHAT ITS ATTITUDE IS TO BE TOWARD THE BOYCOTT." (FYI. THE UN BOYCOTT AGAINST RHODESIA IS CURRENTLY THE ONLY BOYCOTT OFFICIALLY RECOGNIZED BY THE UK GOVERNMENT.)

3. WE SEE NO LIKELIHOOD THAT THIS BASIC POSITION WILL BE ALTERED IN THE NEAR FUTURE. IT HAS BEEN A LONG-STANDING GOVERNMENT POLICY AND HAS IN RECENT YEARS BEEN BASED ON THE BELIEF THAT THE ECONOMIC CONSEQUENCES FOR BRITAIN OF A STRONG ANTI-BOYCOTT STANCE WOULD BE SEVERE. AS BRITAIN

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HAS CONTINUED TO HAVE ECONOMIC PROBLEMS, THERE HAS BEEN A
STRENGTHENING OF THE GOVERNMENT'S VIEW THAT U.S.-TYPE
ACTION IS A LUXURY BRITAIN CANNOT AFFORD.

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4. THE GOVERNMENT OPPOSES THE BYERS INITIATIVE. THE
CONSERVATIVE PARTY ALSO OPPOSES ANTI-BOYCOTT LEGISLATION
AND DOES NOT INTEND TO SUPPORT SUCH MEASURES. REGARDLESS
OF WHAT ACTION THE HOUSE OF LORDS SHOULD TAKE, THERE IS
ALMOST NO CHANCE OF GETTING THE BILL ON THE COMMONS CAL-
ENDAR FOR THE CURRENT SESSION OR, IF IT SHOULD COME TO A
VOTE, OF ITS PASSING. LOOKING AHEAD SOMEWHAT FURTHER, WE
SEE VERY LITTLE PROBABILITY OF SUCH A BILL BECOMING LAW
IN THE FORESEEABLE FUTURE, EVEN IF THERE SHOULD BE A
CHANGE OF GOVERNMENT IN THE NEXT ELECTION.

5. AGAINST THIS BACKGROUND, THE EMBASSY HAS RECEIVED A
LETTER FROM THE SELECT COMMITTEE ASKING OUR HELP IN PRO-

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VIDING EVIDENCE ASSESSING THE IMPACT THAT RECENT U.S. LEGISLATION HAS HAD ON BOTH U.S. -ARAB AND U.S.-ISRAELI TRADE. THE COMMITTEE WISHES WRITTEN EVIDENCE, BUT PREFERS THIS BE SUPPLEMENTED BY ORAL TESTIMONY. THE COMMITTEE CHAIRMAN, LORD REDCLIFFE-MAUDE, "UNDERSTANDS" FROM A LETTER RECEIVED FROM DR. JESS N. HORDES OF THE RESEARCH PROJECT ON ENERGY AND ECONOMIC POLICY IN WASHINGTON THAT STANLEY MARCUSS OF THE COMMERCE DEPARTMENT "HAS INDICATED A WILLINGNESS TO COME BEFORE THE COMMITTEE." STOPPING JUST SHORT OF FORMALLY EXTENDING THE INVITATION IN WRITING, THE LETTER TO THE EMBASSY INDICATES THE COMMITTEE "WOULD BE GLAD TO ISSUE SUCH AN INVITATION...." (FYI. THE COMMITTEE HAS NO FUNDS TO COVER THE EXPENSES OF WITNESSES.) ACCORDING TO THE LETTER RECEIVED BY THE EMBASSY, OTHER WITNESSES WOULD ALSO BE ACCEPTABLE TO THE COMMITTEE IF MR. MARCUSS IS NOT AVAILABLE.

6. IN ADDITION TO A GENERAL U.S. ASSESSMENT OF THE EFFECTS OF THE LEGISLATION, THE COMMITTEE SEEKS INFORMATION ON THE FOLLOWING SPECIFIC POINTS:
(A) HAVE THE ARAB STATES MODIFIED THEIR CONDITIONS OF TRADE TO COMPLY WITH THE EXPORT ADMINISTRATION AMENDMENTS
(B) HAVE THE NUMBER OF BOYCOTT REQUESTS DECREASED;
(C) WHAT CONSEQUENCES ARE EXPECTED FROM THE BAN ON NEGATIVE CERTIFICATES OF ORIGIN; AND
(D) WHAT STEPS, IF ANY, IS THE U.S. GOVERNMENT TAKING TO ENCOURAGE OTHER NATIONS TO FOLLOW ITS EXAMPLE?
THE EMBASSY HAS EXPLAINED TO THE COMMITTEE THAT THE U.S. LEGISLATION IS NEW AND THERE MAY BE RELATIVELY LITTLE INFORMATION AVAILABLE ON ITS EFFECT THUS FAR. THE COMMITTEE REMAINS ANXIOUS TO HAVE WHATEVER DATA ARE AVAILABLE.
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7. THE DESIRABILITY OF OTHER MAJOR INDUSTRIAL COUNTRIES' PASSING EFFECTIVE LEGISLATION SIMILAR TO RECENT U.S. LAWS IS OBVIOUS. HOWEVER, IN THE PRESENT UK SITUATION THERE ARE TWO FACTORS THAT MUST BE BALANCED AGAINST THIS GENERAL OBJECTIVE WHEN CONSIDERING WHETHER A U.S. OFFICIAL SHOULD TESTIFY BEFORE A PARLIAMENTARY COMMITTEE.

8. FIRST, SUCH TESTIMONY IN FAVOR OF THIS BILL WOULD BE

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OFFENSIVE AND IRRITATING TO PRIME MINISTER CALLAGHAN'S GOVERNMENT WHICH OPPOSES THE LEGISLATION AND, INDEED, TO THE OPPOSITION. THE BILL'S PROPONENTS WOULD CERTAINLY TAKE ADVANTAGE OF THE PRESENCE OF AN ADMINISTRATION OFFICIAL TO GENERATE CONSIDERABLE PUBLICITY WHICH COULD NOT AVOID BEING EMBARRASSING TO BOTH GOVERNMENTS WHEN CAST BY THE PRESS AS BEING IN OPPOSITION TO EACH OTHER ON THIS SENSITIVE ISSUE.

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9. SECONDLY, IF SUCH U.S. TESTIMONY WOULD SIGNIFICANTLY CONTRIBUTE TO THE PASSAGE OF EFFECTIVE ANTI-BOYCOTT LEGISLATION, THE RISK MIGHT BE WORTH IT AND A SCENARIO MIGHT BE WORKED OUT WHICH MINIMIZED THE DANGERS DESCRIBED ABOVE. HOWEVER, IT IS A VIRTUAL CERTAINTY THAT, WITH OR WITHOUT U.S. TESTIMONY, NO LEGISLATION IS GOING TO BE FORTHCOMING DURING THE CURRENT SESSION AND PROBABLY NOT

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IN THE NEAR FUTURE. THEREFORE, TESTIMONY BY AN ADMINISTRATION OFFICIAL WOULD NOT IMPROVE THE CHANCES OF PASSING LEGISLATION AND REALIZING U.S. OBJECTIVES.

10. RECOMMENDATION. THE EMBASSY RECOMMENDS AGAINST
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ACCEPTING THE SELECT COMMITTEE'S TENTATIVE INVITATION FOR ORAL TESTIMONY AND SUGGESTS WE INFORMALLY DISCOURAGE THE COMMITTEE AT AN EARLY POINT. WE BELIEVE IT WOULD BE USEFUL TO RESPOND IN WRITING TO THE COMMITTEE'S QUESTIONS, WITH THE FOLLOWING CONDITIONS: (A) MAKE IT CLEAR THAT THE INITIATIVE CAME FROM THE COMMITTEE; (B) CONFINE OUR RESPONSE TO FACTUAL ANSWERS TO THE QUESTIONS ASKED; AND, (C) AVOID ANY SUGGESTION OF LOBBYING THE BRITISH GOVERNMENT THROUGH THE COMMITTEE.

11. ACTION REQUESTED. RESPONSE BY MAY 5.

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Message Attributes

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Review Release Event: n/a
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SAS ID: 2947981
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Status: NATIVE
Subject: ARAB BOYCOTT: REQUEST FOR U.S. TESTIMONY
TAGS: ETRD, UK, US
To: STATE USEEC
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/ab8212ad-c288-dd11-92da-001cc4696bcc
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